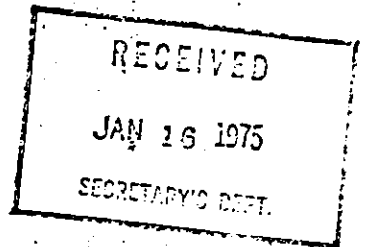


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CABLE ADDRESS: KONIJAY

January 14, 1975

Mr. Donald G. Nyreen
Assistant Secretary
Liggett & Myers Incorporated
4100 Roxboro Road
Durham, North Carolina 27702

DESCRIPTION OF A/C #21

Dear Mr. Nyreen:

Confirming our telephone conversations last week, contributions to Special Account No. 3 cover the expenses of the Tobacco Litigation File, the activities of which are in defense of the lawsuits and are outlined in the memorandum I mentioned.

Contributions to Special Account No. 4 cover, primarily, consultation fees and expenses of various scientists who are requested by the industry to present their views to various governmental bodies or who do analyses or research in connection with various of the problems raised relating to the smoking and health controversy.

Since Special Account No. 3 relates to litigation, contributions to that account are requested from the lawyers representing the various companies. Contributions to Special Account No. 4, on the other hand, are requested from the General Counsel of the various companies. In each instance, contributions are made on a per capita basis.

Both accounts are audited at six-month intervals, for the periods ending February 28 and August 31 of each year. Copies of the audit statements are sent to each of the contributors.

① 6/17/74 - DAVE HARDY (SHOOK, HARDY, GUTMAN, MITCHELL, ETC) TO DR. BATES

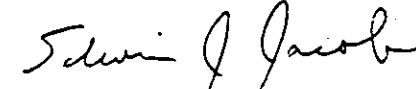
Mr. Donald G. Nyreen

-2-

January 14, 1975

I trust this provides the information you wish, but if there is any further question, please do not hesitate to let me know and I will be glad to provide the requested information.

Yours sincerely,


Edwin J. Jacob